

1 **Q. WHAT WOULD BE THE MONETARY IMPACT IF MILWAUKEE WATER**
2 **WORKS IS ALLOWED TO RAISE THE URBAN INDUSTRIAL RATE BY**
3 **38.9%, AND MILLERCOORS' BILLS BY NEARLY 50%?**

4 **A.** MillerCoors' water bills would rise significantly, likely in excess of \$600,000 for its
5 Milwaukee brewery operations.

6 **Q. WHAT IMPACT COULD THE STAFF'S RATE INCREASE HAVE ON**
7 **OPERATIONS AT THE MILWAUKEE BREWERY?**

8 **A.** To begin with, Miller and Coors merged in the summer of 2008. The proposed rate
9 increase comes at a time when the combined company is considering how best to
10 maximize the cost-effectiveness of its brewing operations, including transitioning and
11 integrating products across its national network of eight breweries. If Staff's rate
12 increase were enacted, the Milwaukee brewery would pay more for water than several
13 other breweries that use municipal water in the MillerCoors network, including breweries
14 in Texas and California. As it relates to water rates, therefore, the immediate impact of
15 the rate increase would be to make the Milwaukee brewery less competitive as compared
16 to other, newer MillerCoors breweries in other states. That could potentially mean that
17 production, and the associated jobs, could be transitioned to other breweries in our
18 network. Given the prolonged economic downturn, that is something that neither the
19 brewery nor the State should allow to happen.

20 **Q. WHY IS MILLERCOORS OBJECTING TO THE COMMISSION STAFF'S**
21 **PROPOSED RATE DESIGN, WHEN IT DID NOT OBJECT TO MILWAUKEE**
22 **WATER WORKS' RATE DESIGN?**